

January 9, 1998

**Clinton Pushes One-Sided Federal Child Care Initiative**

**Managed Day Care Makes Its Debut**

On January 7, 1998, President Clinton and Hillary Rodham Clinton announced a new \$21.7 billion (over 5 years) child care initiative to be included in the Administration's FY 1999 budget. Although the money the Clintons are proposing to spend will benefit businesses and institutional day care providers, it unfortunately will do nothing to help the single largest provider (and the preferred provider) of child care in the nation — parents. Seventy percent of children are still cared for primarily by their parents and relatives.

Major provisions of the President's proposal include substantial increases in the Child Care and Development Block Grant, the Child and Dependent Care Tax Credit, Head Start, as well as funding for a number of new programs. Specifically, the plan calls for the following spending over 5 years:

• Child Care and Development Block Grant Increase.....	\$7.5 billion
• Child and Dependent Care Tax Credit Increase.....	\$5.2 billion
• Tax Credit for Businesses.....	\$500 million
• After-School Program.....	\$800 million
• Early Learning Fund.....	\$3 billion
• Head Start Increase.....	\$3.8 billion
• Standards Enforcement.....	\$500 million
• Child Care Provider Scholarship Fund.....	\$250 million
• Research and Evaluation Fund.....	\$150 million
<b>TOTAL.....</b>	<b>\$21.7 billion</b>

***Clinton Plan Discourages At-Home Care by Parents and Relatives***

Despite the fact that only 30 percent of preschool children (under age 5) are in center-based facilities or family day care, the President's plan is devoted almost entirely to that population.

- ▶ **Child and Dependent Care Tax Credit (CDCTC):** By law, not one dollar of this credit can go to stay-at-home moms; both spouses must be in the workforce to be eligible for the credit. Moreover, the CDCTC is of little help for those parents who work but choose to have relatives care for their children.

The Census Bureau reported that in 1993 over 80 percent of parents who used relatives for child care did not pay cash for these services. Yet, under the CDCTC, parents wishing to claim the credit not only would be required to pay a relative for looking after a child, but would likely be designated an "employer" and therefore required to withhold and pay Social Security taxes, the Medicare tax, and the federal unemployment tax.

- ▶ **Standards Enforcement:** There is no need for further federal intrusion into a child care system which 96 percent of parents say is satisfactory or highly satisfactory and which the Department of Health and Human Services reports is already witnessing "a strong commitment to quality" on the state level.

Imposing additional federal requirements, such as licensing, certification, and "quality standards," will only produce dramatically higher child care costs and reduce the range of choices available to families, especially low-income families. The type of child care model the Clintons have in mind (such the U.S. military's child care program) would, according to a 1989 study published in Ohio State University's journal *Theory Into Practice*, increase child care costs by 80 percent.

- ▶ **After-School Program:** The White House estimates that as many as 5 million school-age children "spend time as 'latchkey kids' without adult supervision during a typical week." The \$160 million per year the President proposes in his plan however would amount to just \$32 per-child each year.

What working parents really need are more options and more flexibility in their day-to-day work schedules to meet the needs of their pre-school and school-age children before school, during school, and after school. If President Clinton were serious about helping working families, he would provide the nation's 60 million hourly employees (nearly half of whom are working women) with the same flexible work arrangements that government and salaried employees enjoy. Yet, due to pressure from organized labor, the President and Congressional Democrats are refusing to extend hourly employees this same fair treatment in the workplace so that they too can spend more time with their children.

- ▶ **Tax Credit for Businesses:** Child care should be about empowering parents — all parents, whose greatest benefit would be a government that is committed to returning more of their income to them.

Once again, homemakers, parents who choose to have relatives look after their children, the self-employed, and parents who work out of their homes are completely left out of the Clinton plan. Moreover, a tax credit for on-site care will do nothing to alleviate the escalating costs of liability insurance which is the greatest obstacle facing employers who wish to provide child care for their employees.

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